

Aid for Trade Draft Recommendations
Comments at a glance
F Mangeni

1. It is good that something tangible is beginning to take shape on AFT. Events to discuss the drafts as they come out will be helpful.
2. The draft outline is incomplete. Part G is extremely important and must be quickly finalized and included. Its content may well determine whether AFT will be any good. Also, it should set out the agreed WTO meaning of “development” and the role of the WTO as an organization.
3. The proposed optional annexes must not be optional. In particular, it is important to put on record what the donor countries are already doing – so that additionality can better be assessed. In other words, we would be interested in knowing what more the donors will be doing, over and above what they are doing at present. But to do that, we would need to put on record what they are doing currently.
4. This initial draft is pointed in the right direction. A major worry though is that these could again just be good words and many promises, without any intention of concrete action. It may be that once adopted, there will be a new set of implementation issues and a lot of haggling over what was meant, and whose fault it is that this and that is not happening, etc.
5. Therefore, performance indicators would be helpful. How much should have been done within year 1, year 3, year 5, etc. The idea of down payment could be raised in AFT as well.
6. This is an important issue – because according to Para 57 of the HK MD, AFT is now a central component of the DDA, to be simultaneously considered, finalized, and implemented.
7. Also, serious attention should be given to the legal status of the recommendations, and the legal status of what will come out of the General Council when it sits to consider the recommendations. In this regard, it would be good to give some attention to avoiding the problems that have led to the review of SDT. A good outcome would be binding commitments on AFT, that are commensurate to the commitments to be adopted under the DDA as a whole.
8. A key set of recommendations, and therefore a section, should be included on projected needs and how donors and recipients **MUST** address this. I would consider this to be a most important component of an AFT package, in order to assess what exactly is tangible about and what has been achieved.
9. Another set of recommendations, and therefore a section, should deal with the architecture of AFT and how AFT relates to the World Bank and the IMF. References to the IF are not sufficient. This matter needs to be addressed explicitly; particularly to avoid a situation where AFT ends up as loans from these institutions and comes with conditionalities.
10. It is important to remove the blame from recipient countries – in fact this seems to be a key theme already running through the draft recommendations. The blame should be put on inadequacy of development financing so far, and the fact that agreed targets (including the 0.7 of GNI of developed countries) have largely remained unmet. This should be mentioned in order to set out a clear diagnosis

of the problem and lay a foundation for what must now be done to address the situation.

11. Related to this, is the proposal in the draft recommendations for establishing a monitoring body. The details and modalities of such a body should be set out. And if they are acceptable, it should be stated clearly that the General Council will establish this body at a meeting in December, or January – by some specific date.